

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6930

BILL NUMBER: HB 1405

NOTE PREPARED: Jan 5, 2013

BILL AMENDED:

SUBJECT: Redemption of real property sold in a tax sale.

FIRST AUTHOR: Rep. Riecken

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill reduces the percentage of the minimum bid that a person redeeming real property sold at a tax sale must pay: (1) from 110% to 105% of the minimum bid for which the real property was offered for sale, if the real property is redeemed within six months after the date of sale; or (2) from 115% to 110% of the minimum bid for which the real property was offered for sale, if the real property is redeemed more than six months after the date of sale.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Under this bill, the county auditor would have to replace the current fee structure on the notice that is prepared for the tax sale. The impact would be negligible. However, the individual who intends to redeem the property would pay 5% less in fees than under current law.

Background Information: Property sold to an individual (referred to as the purchaser) at a tax sale may be redeemed at any time within one (1) year after the date of the sale. Under current law, the purchaser of the property will receive a refund equal to 110% of the minimum bid (105% under this provision) for which the property was offered at the time of the sale if the property is redeemed within six months after the sale; or 115% (110% under this provision) if the property is redeemed more than six months after the sale. The purchaser is also entitled to receive a refund of the amount by which the purchase price exceeds the minimum bid plus interest at the rate of 10% per annum (the same rate under this provision). Additionally, if the

purchaser paid any taxes and special assessments, the purchaser will be fully reimbursed for these expenses plus interest at the rate of 10% per annum (the same rate under this provision).

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: County Auditors

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.